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COUNTRY Hungary

DATE DISTR. 17 Pebruary 1949

SUBJECT

The Status of the Vacuum Oil Company

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- The peace treaty with Hungary, ratified by the Soviet Union in December 1948, stipulates that the Hungarian Government shall pay the Vacuum Cil Company \$5,000,000.00 for damages to property and losses, et cetera, sustained by that American company during the last war. In the same document it is also provided for that all foreign-owned concerns shall be guaranteed equal privileges and equal protection from the Hungarian Government in accordance with the most-favored-nation principle. The Hungarian Government has, however, disregarded both treaty provisons and has initiated repressive measures which will drive the only western-owned refineries in Hungary, the Vacuum and Shell Oil Companies, into issuing declarations of bankruptcy.
- The repressive measures implemented against the Vacuum Oil Company of Hungary since the beginning of November 1948 have included the following:
 - The imposition of a 33,000,000 pengo excess profits tax, which the company is unable to pay.
 - The seizure of the company's office furniture in Budapest on the basis of the company's tax payment default.
 - The reduction of the monthly allotment of oil for refinement at the Wacuum Oil Company to a point of submarginal productivity: the month's output for the month of December 1948 was, for instance, only 60 tank cars (capacity 15 tons) for which AFORT, the official government purchasing agency, was billed 5,600,000 pengo by the Vacuum Oil Company.
 - d. The disbursing by AFORT of only a fraction of monies due the Vacuum Cil Company of Hungary for goods delivered: as of h January 1949, only 1,700,000 pengo of the 5,600,000 amount due for December's production had been paid.
 - The issuance of the edict in November 1948 by the Ministry of Industry canceling forty of the company's 700 workers from the payroll. A similar edict was issued in early January requiring the company to delete from sixty to seventy additional employees from the payroll during January and February 1949.

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- 3. According to the source, the Vacuum Oil Company of Hungary cannot remain solvent beyond 1 April 1949.
- 4. Excess profits taxes levied on other foreign-owned oil companies in November were the following:
 - a. MAORT 130,000,000 pengo
 - b. Shell Oil Company 33,000,000 pengo

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